



**Indiana Senate Committee on Pensions and Labor  
Testimony on E-Verify by: Julie Myers Wood  
Wednesday, February 4, 2009**

Thank you Chairman Kruse and distinguished members of the Senate Committee on Pensions and Labor. I also want to thank Senator Delph for his leadership in this area. I'm honored to testify today and add my support to the use of E-Verify as set forth in Senate Bill 580 – a provision that will bring jobs to citizens and other legally authorized workers in Indiana.

E-verify represents a simple, quick and accurate means to better ensure the legal status of workers. I'm pleased to see that Indiana is considering joining other states across the country that wish to protect U.S. jobs for U.S. citizens and others legally authorized to work in the United States.

For the last three years I was incredibly honored to serve as the head of Immigration and Customs Enforcement, the largest investigative agency within the U.S. Department of Homeland Security, and the agency that manages the worksite enforcement program within DHS. I saw first-hand the struggles that some honest employers encountered when trying to hire a legal work force, and regrettably, I also saw how some dishonest employers gamed the system to build a business model based on illegal alien labor – cheating the taxpayers, those legally authorized to hold those jobs, and often enslaving or improperly abusing the aliens.

I am now the President of ICS, Immigration and Customs Solutions, LLC, a company that seeks to work with law-abiding businesses to ensure a legal workforce and provide employers with the tools they need to have a stable staff.

The fact that so many want to come to the United States reflects, in a very real sense, America's strengths. We are a beacon of liberty. We are the land of opportunity. We are a magnet to countless millions around the world who seek a better life for themselves and their families.

Unfortunately, however, there are two types of immigrants who come to America. There are those who come looking for the opportunities each of us enjoy and who do what's necessary to come to the United States legally and to become contributing members of our society. And there are those whose very first act in the United States is to break the law by entering illegally. At ICE, we sought to support

the former and deport the latter.

Because people who are in the United States illegally want to avoid detection, they tend to live in a shadowy underground. They rely on the makers of fake documents to supply them with paperwork they might need to get a job. They work for employers who exploit their status by ignoring worker safety and wage laws. They are easy targets for criminals who want to use them to gain access to sensitive facilities or workplaces or to move illegal products. Mandatory E-Verify, combined with active document and identity fraud investigations, will help reduce the number of aliens who improperly enter the workforce.

I am convinced that drying up the job market for illegal workers would be the single most effective thing we could do to stem the tide of illegal aliens into the country. A recent study by the Pew Hispanic Center indicates that because of the slowing economy and the stepped up worksite enforcement, the net increase in the number of illegal aliens has actually decreased from years past. The vast majority of those who enter the United States illegally do so in the hopes of finding work. If employers take steps not to hire illegal workers then the reason for coming isn't there either. And that's where business leaders can make an enormous difference. And S.B. 580 helps employers along in the process.

Moreover, in today's tight business environment, responsible employers who seek to conduct their business lawfully are often put at an unfair disadvantage, as they try to compete with unscrupulous businesses that cut corners so they can REDUCE costs to gain a competitive edge in the marketplace. Making E-Verify mandatory will not turn the tide on all unscrupulous employers, BUT IT will protect law-abiding businesses and provide an incentive for many others who wish to abide by the law and reduce their illegal workforce.

One such industry that was affected BY employers not abiding by the immigration laws is the pallet industry. In particular, I am reminded of the investigation and prosecution of the Pallet Management Division of IFCO Systems North America. Twelve officers and managers of this company have been charged over the course of last year on a variety of charges related to the hiring of illegal

aliens to work in their manufacturing facilities, and several still have charges pending, and, of course, are innocent until proven guilty. The company recently paid a fine of over \$20 million dollars relating to its violation of immigration laws.

This company, of course, was not on the E-Verify system. Hiring illegals was actually a part of this company's business plan. According to government documents, the company sought to drive down the cost of their products by knowingly hiring illegal workers to gain a commercial advantage in the marketplace.

And, in this investigation, ICE found a lot of illegal workers. For example, in April 2006, ICE conducted a worksite enforcement inspection at more than 40 IFCO plants nationwide. As a result, they detained nearly 1,200 illegal aliens who were on IFCO's payroll, including a majority of the facilities' foremen and manual laborers. In some facilities, the vast majority of workers were in the U.S. illegally.

Court documents charged that this was not a case of sloppy paperwork or negligence in checking identification. It was a full-blown plan to hire illegal workers, help them acquire phony documentation, assist them in evading payroll taxes, and even move these workers between plants to avoid detection.

One IFCO competitor told us after the initial indictment in this case was issued, "I always wondered how IFCO was able to undercut my company's prices by so much and so consistently."

That's one of the reasons worksite enforcement efforts are so important – they help ensure that companies that play by the rules and follow the law aren't being unfairly disadvantaged by competitors who break the law by hiring illegals. And with today's challenging economy, no U.S. business should be put in a position to consider laying off legal workers because they can't compete with a company who has built a business model on the use of illegal workers.

Of course, the preference of every law enforcement officer is to prevent crime before it takes place. That is why the United States Citizenship and

**Immigration Services (USCIS) at the Department of Homeland Security has developed and is continuously improving the E-Verify system to enlist responsible employers of every size and description in a partnership designed to prevent the hiring of illegal aliens in the first place. And states all around the country are adopting mandatory E-Verify to protect their jobs for legally authorized workers and reduce illegal immigration.**

**E-Verify is a very effective tool to help ensure a legal workforce. Here are a few quick facts:**

- **A company can access E-Verify through a user-friendly government Web site that compares employee information taken from the Form I-9 with more than 449 million records in the SSA database, and more than 60 million records in DHS immigration databases.**

- **Importantly, E-Verify procedures are carefully crafted to ensure employers avoid profiling or other unlawful practices. Employers may only use E-Verify after an employee is hired, and they must use E-Verify on their entire workforce.**

- **Currently, over 96 percent of all employees verified through E-Verify are verified instantly -- without receiving a Tentative Non-confirmation (TNC) or having to take any type of corrective action. Those employees whose work authorization cannot be instantly verified are given the opportunity to work with SSA or USCIS, as appropriate, to confirm their work authorization.**

- \* **Of those less than 4% who received TNCs, 90% of them choose not to contest it or failed to establish their work authorization.**

- **The number of registered employers using E-Verify is growing on average over 1,000 per week with over a 100,000 registered employers to date. During fiscal year 2008, nearly 6.6 million inquiries were run through the program.**

**Some employers have raised valid points about areas that needed to be improved within the E-Verify system. I am pleased to report that over the past two years, USCIS has made positive steps in improving upon its already very good record.**

**For example, a recent study conducted by Westat, a social science research**

firm which monitors the effect of various changes made to the E-Verify program, found that between April and June 2008 erroneous false negatives (those that were work-authorized but who received a TNC) were reduced from 0.5% to 0.4%. In addition, of the less than 1% who had issues to resolve, 95% said that their problem was resolved with the Social Security Administration in a timely, courteous and efficient manner.

The changes that USCIS have made directly strengthen the program. For example, historically, a large portion of the employees who successfully contest a SSA TNC were recently naturalized citizens. In mid-2008, USCIS reduced many of these TNCs by ensuring that the E-Verify system checks USCIS databases, for example, and also improving interoperability between DHS and State Department databases.

USCIS has also worked to include photos from DHS databases, which helps reduce identity theft from green card holders and others in the DHS systems.

USCIS is working with states and the State Department to enhance the photo tool and provide additional datasets.

One common area of concern for states considering whether to adopt mandatory E-Verify is any burden placed on the business community. The average cost to employers, according to the 2007 Westat report, is less than \$100 per initial set up, and Westat estimates that it costs a similar amount annually to operate the system. Last year, a USCIS evaluation found that 96% of participating employers did not believe that it overburdened their staffs.

When evaluating the E-Verify tool, other reports that are useful barometers for review and study by the Indiana Senate include the USCIS Ombudsman Report from December 2008, which studied the program's success, the Center for Immigration Studies' Report in 2008, USCIS testimony and FAQs and the Westat Reports.

The good news is that USCIS and the Department of Homeland Security have not been satisfied with these results, but they have continued to improve the

system. Of course, E-Verify must be permanently reauthorized, and the Administration must fully implement the contractor rule, but we are seeing some positive signs from the Obama Administration with regard to their support for E-Verify. In fact, late last week Secretary Napolitano issued an immigration directive that gave USCIS even more impetus to improve upon the system. The questions in her directive show her attentiveness to areas that need continued improvement – such as the rare but troubling false negatives, and false positives.

Of course, I would be remiss if I did not note that E-Verify is not perfect but an accuracy rate in the high nineties is an A by most standards and the government is committed to constant improvement. I therefore strongly recommend that companies consider E-Verify as one part of their overall employment verification program, in addition to other simple steps companies can take to ensure a legal work force. E-Verify is a pretty big help to employers just starting to comply and requiring E-Verify statewide will go a long way in helping ensure enhanced compliance with our nation's immigration laws and protecting jobs for citizens and legally authorized workers in this great state.

Thank you.